

## Message Text

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ORIGIN EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 L-02 COME-00 CIAE-00

INR-05 NSAE-00 RSC-01 /027 R

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AGRICULTURE-GRATHELL

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P 202236Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

INFO AMEMBASSY SINGAPORE PRIORITY

C O N F I D E N T I A L STATE 256222

E.O. 11652: GDS

TAGS: ETRD, EAGR, TH

SUBJECT: COTTON CONTRACTS DEFAULTS; VISIT OF ANTHONY GEBER

REFS: A. TAIPEI 6843; B. BANGKOK 17943; C. STATE 241119

1. AT PRESENT, OF FOUR EA COUNTRIES EXPERIENCING COTTON CONTRACT PROBLEMS, POSSIBILITY OF MASS DEFAULTING APPEARS MOST LIKELY IN THAILAND. GOVERNMENT SUPPORT FOR THE FULFILLMENT OF COTTON CONTRACTS HAS BEEN EVIDENT IN KOREA, PHILIPPINES AND ROC. IN CASE OF TAIWAN, REF (A) DETAILS TYPES OF GOVERNMENT ACTION WHICH SHOULD ENCOURAGE MILLS TO OPEN LETTERS OF CREDIT. MISSION OF KOREAN COTTON SPINNERS ASSOCIATION HAS VISITED U.S. TO DISCUSS POSSIBLE SOLUTIONS. IN BOTH KOREA AND PHILIPPINES, AN EFFORT IS BEING MADE TO ALLOCATE CCC CREDIT TO MILLS WHICH AGREE TO COMPLY WITH CONTRACTS.

2. AS REQUESTED REF. B, PARA. 2, LIST OF PAST DUE SHIP-  
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MENTS IDENTIFIED BY MILL WAS MAILED TO EMBASSY NOVEMBER 19

BY AMERICAN COTTON SHIPPERS ASSOCIATION IN MEMPHIS.  
HOWEVER, IN VIEW MAGNITUDE OF PROBLEM AND DOMESTIC  
POLITICAL INTEREST DISCUSSED REFTEL C, WE BELIEVE MILL BY  
MILL APPROACH ON PART OF EMBASSY MUST NECESSARILY BE ONLY

PART OF EMBASSY EFFORT TO PREVENT WIDESPREAD DEFAULTING.  
RTG MUST UNDERSTAND THAT IF MASS DEFAULTING OCCURS EF-  
FECTS OF CONGRESSIONAL BACKLASH WHICH COULD ADVERSELY  
AFFECT OUR POLITICAL/SECURITY INTERESTS WILL OVERSHADOW  
ANY COTTON SUPPLY PROBLEMS WHICH THAI TEXTILE MILLS  
MAY HAVE IN FUTURE YEARS.

3. DUE COMPLEXITY OF PROBLEM AND CONSIDERABLE CONCERN  
THIS ISSUE HAS AROUSED IN CONGRESS AND WITHIN  
ADMINISTRATION, ANTHONY GEBER, DIRECTOR, ECONOMIC POLICY  
OFFICE, EA, WILL VISIT BANGKOK NOVEMBER 25 EN ROUTE  
TO COLOMBO PLAN MEETING NOVEMBER 26-DECEMBER 5 TO  
DISCUSS SPECIFIC MEASURES WHICH RTG MIGHT BE TAKING TO  
ENCOURAGE CONTRACT COMPLIANCE AND ALLEVIATE CREDIT  
DIFFICULTIES OF MILLS, AS WELL AS TO DISCUSS REGIONAL  
ASPECTS OF PROBLEM. WOULD APPRECIATE APPOINTMENTS WITH  
SENIOR THAI OFFICIALS, UNLESS EMBASSY PERCEIVES OBJEC-  
TIONS.

4. GEBER WILL ARRIVE NOVEMBER 25 AT 1:05 A.M. VIA  
PANAM NO. 1 AND LEAVE NOVEMBER 26 AT 11:20 A.M. PLEASE  
MAKE RESERVATION AT APPROPRIATE HOTEL AND HAVE CAR MEET.

5. FOR SINGAPORE PASS MORRISSEY: GEBER ARRIVING  
NOVEMBER 26 AT 1:55 P.M. VIA SINGAPORE AIRLINES 643. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS, PERSONNEL TRAVEL  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE256222  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** AJWILLIAMS/EA/EP:RLWHITE:MRG  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740336-0495  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741126/aaaaavwe.tel  
**Line Count:** 91  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A. TAIPEI 6843; B. BANGKOK 17943; C.  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09-Aug-2002 by rowelle0>; APPROVED <17 MAR 2003 by CollinP0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COTTON CONTRACTS DEFAULTS; VISIT OF ANTHONY GEBER  
**TAGS:** ETRD, EAGR, TH, (GEBER, ANTHONY)  
**To:** BANGKOK  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005